



## ADMINISTRATIVE DIRECTIVE

### RETIREE HEALTH BENEFIT CONTINUATION PROGRAM

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EFFECTIVE DATE

**September 1, 2013**

#### I. PURPOSE

The purpose of this administrative directive is to set forth the City of Tucson sponsored group medical, dental and vision plan options available to employees upon retirement.

#### II. POLICY

The City offers continued health benefits to its retirees and eligible dependents in accordance with benefit policies in effect on the date of retirement. A retiree has the option to continue coverage in City sponsored medical, dental and/or vision insurance plans as long as the retiree is enrolled in the plan(s) on the day of retirement. The City reserves the right to amend or modify plan designs, coverage, premiums and eligibility for all employee and retiree benefits. It should not be construed as giving to any retiree or dependent any vested rights that cannot be modified by subsequent revision of benefits.

***Retiree health subsidies will be applied only to City of Tucson group insurance plans. The subsidy cannot be applied to any plan or benefit that is not sponsored by the City of Tucson.***

#### III. DEFINITIONS

- A. **Retiree** – A City of Tucson employee or elected official who has gone directly from active employment to retired status who is eligible to receive retirement benefits under the Tucson Supplemental Retirement System (TSRS), the Arizona Public Safety Personnel Retirement System (PSPRS) or the Elected Officials Retirement Plan (EORP).
- B. **Eligible Dependent(s)** – A dependent (spouse, domestic partner, or child) covered under the employee's medical, dental and/or vision insurance plan who qualifies for benefits under the definition of dependent as stated in the Employee & Retiree Insurance Handbook.
- C. **State Subsidy** – The subsidy provided by the State of Arizona to EORP and PSPRS retirees pursuant to A.R.S. §§38-817 and 38-857.
- D. **Age 65** - An individual is considered to have reached age 65 the first day of the month during which they turn age 65. If the individual's birthday is on the first day of the month, "age 65" is defined as the first day of the month PRIOR to the month during which the individual turns age 65.

#### IV. BENEFIT COVERAGE EFFECTIVE JANUARY 1, 2011

- A. **Medical Coverage** - Effective January 1, 2011, all City of Tucson employees and elected officials retiring, entering a Deferred Retirement Option Plan (DROP) program,



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or entering an End of Service (EOS) program will be eligible to receive a retiree health insurance subsidy to be applied to a City of Tucson group medical insurance plan.

- B. City Subsidy for Retiree Medical Insurance** - Retirees less than age 65 who continue City group medical insurance coverage for themselves and their Eligible Dependents will be eligible to receive a retiree medical insurance subsidy as follows:

1. Single Retiree – \$200 monthly subsidy until the Retiree reaches age 65
2. Retiree plus one (1) covered Dependent – \$375 monthly subsidy until the Retiree reaches age 65
3. Retiree with two (2) or more covered Dependents – \$475 monthly subsidy until the Retiree reaches age 65

- C. Dental and Vision Coverage** - Retirees and Eligible Dependent(s) may continue dental and vision coverage by paying 100% of the premium with no subsidy from the City. Requirements for continuous coverage apply.

#### **V. BENEFIT COVERAGE FOR TSRS RETIREES AND EORP RETIREES WHO RETIRED OR ENTERED EOS PRIOR TO JANUARY 1, 2011**

- A. Medical Coverage** - Retirees less than the age of 65, who retired or entered the EOS program before January 1, 2011, may continue the City's group medical insurance coverage for themselves and their Eligible Dependents by paying twenty-five percent (25%) of the applicable premium.
- B. Incentive Programs** - Rates and coverage provisions for TSRS Retirees who retired under incentive programs prescribing health benefits not covered in this Administrative Directive may contact the Benefits Office for details at (520) 791-4597.
- C. Dental and Vision Coverage** – Retirees and Eligible Dependent(s) may continue dental and vision coverage by paying 100% of the premium with no subsidy from the City. Requirements for continuous coverage apply.

#### **VI. BENEFIT COVERAGE FOR PSPRS RETIREES WHO RETIRED OR ENTERED THE DROP PROGRAM PRIOR TO JANUARY 1, 2011**

- A. Commissioned Fire Department Retirees** – This section pertains to Commissioned **FIRE** employees who retired, or entered the DROP Program after July 1, 2001, and before January 1, 2011. Rates and coverage details for Commissioned Fire Retirees who retired before July 1, 2001, or retired under any other incentive program, may be obtained from the Benefits Office at (520) 791-4597.



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Qualifying Commissioned Fire Retirees less than the age of 65 may continue City group medical insurance and dental coverage for themselves and their Eligible Dependent(s). The City will pay 100% of the premium after the applicable PSPRS subsidy is applied.

- B. Commissioned Police Department Retirees** – This section pertains to Commissioned **POLICE** employees who retired, or entered the DROP Program after July 1, 1999 and before January 1, 2011. Rates and coverage details for Commissioned Police Retirees who retired before July 1, 1999, or retired under any other incentive program, may be obtained from the Benefits Office at (520) 791-4597.

Qualifying Commissioned Police Retirees less than the age of 65 may continue City group medical insurance coverage for themselves and their Eligible Dependent(s). The City will provide a percentage subsidy not to exceed 75% of the applicable City group medical insurance premium after the PSPRS applicable subsidy is applied. Qualifying Retirees and Eligible Dependent(s) may continue dental coverage by paying 100% of the premium (no City subsidy) after the applicable PSPRS subsidy is applied. Requirements for continuous dental coverage apply.

- C. Vision Coverage** – This section pertains to all Commissioned PSPRS Retirees (Police and Fire). Qualifying Retirees and Eligible Dependent(s) may continue vision coverage by paying 100% of the premium with no subsidy from the City. Requirements for continuous vision coverage apply.

## **VII. RETIREEES WITH FEWER THAN 40 MEDICARE QUARTERS**

This section pertains to the following commissioned PSPRS Retirees who did not pay into the Medicare system during City of Tucson employment and who therefore must pay premium for Medicare Part A at age 65 due to a lack of sufficient quarters:

- **FIRE** employees who joined City employment prior to April 1, 1986 and retired or entered the DROP Program after July 1, 2001 and before January 1, 2011 and
- **POLICE** employees who joined City employment prior to April 1, 1986 and retired or entered the DROP Program after July 1, 1999 and before January 1, 2011.

Upon reaching age 65, these Retirees may elect one of two options:

- A.** Retirees may continue City group medical insurance coverage for themselves and their Eligible Dependent(s) by paying 100% of the premium (no City subsidy) after the applicable PSPRS subsidy is applied. The Benefits Office must receive written proof from the Social Security Administration that the Retiree lacks sufficient quarters for pre-paid Medicare Part A no later than thirty-one (31) days prior to the date the Retiree otherwise would have qualified for Medicare. If the Retiree's or Dependent's City



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medical coverage ceases for any reason, the Retiree and/or Retiree's Dependent will not be permitted to re-join the City's medical plan at a later date.

- B.** Retirees may elect to enroll in Medicare, and the City will reimburse the Retiree for the Retiree's Medicare Part A premium. Contact the Benefits Office for administrative procedures and deadlines required for reimbursement. Any money reimbursed to the Retiree for Medicare Part A premium will be taxable income to the Retiree. The City will not pay Medicare premiums for any Dependent(s) of the Retiree. The City will not pay Medicare Part B or D premiums or for premiums for Medicare Advantage or Supplement plans for the Retiree or Retiree's Dependent(s). If the Retiree later earns sufficient credits/quarters for Medicare Part A, such as through employment, a spouse or an ex-spouse, the Retiree must notify the City Benefits Office within thirty (30) days of such qualification; the City will no longer pay for the cost of the Retiree's Medicare Part A premium; and if the City paid Part A premium for any months after the Retiree's qualification, the Retiree will be responsible for reimbursing the City.

1. If the Retiree chooses this option, the Retiree's Qualified Dependent(s) may continue coverage through the City's group medical insurance plan until they no longer meet the definition of an Eligible Dependent or until they disenroll from the City medical program, whichever is earlier; the Retiree shall pay 100% of the associated premium with no subsidy from the City. Contact the Benefits Office for administrative procedures and deadlines.
2. Retirees must follow Benefits Office procedures for disenrolling a Dependent within thirty-one (31) days after the date the Dependent becomes ineligible.
3. Once an age 65+ Retiree leaves the City of Tucson medical plan, the Retiree may **not** later return to the City group medical plan.
4. Once a Dependent of an age 65+ Retiree leaves the City of Tucson medical plan, the Dependent may **not** later return to the City group medical plan.
5. Once the Retiree reaches age 65, the Retiree may not add new dependents to the City medical plan, except as required under federal and state law.

"Qualified dependent" is defined as an Eligible Dependent who is covered under a City group medical plan at the time the Retiree reaches age 65. "Eligible Dependents" are defined in Section III B of this Administrative Directive.

## VIII. GENERAL PROVISIONS

- A. Application Process** – To be eligible for continued medical, dental and/or vision insurance coverage under the Retiree Health Benefit Continuation Program, the Benefits Office must receive a completed application with all the necessary



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documentation no later than thirty-one (31) days after retirement date. Failure to complete the application process will result in the loss of continued coverage.

Retirees who miss the application deadline to continue coverage upon retirement, do not have coverage at the time of retirement, or waive coverage at the time of retirement may reapply for medical, dental and/or vision insurance coverage only during each plan's open enrollment or within thirty-one (31) days of experiencing a qualifying life event as defined in the Employee & Retiree Insurance Handbook. In order to enroll in the dental and/or vision plan, the Retiree must provide documentation of other continuous dental and/or vision insurance coverage for a period of three (3) years immediately preceding the date the City dental/vision insurance coverage will go into effect. The same continuous coverage provision and documentation requirement apply to Eligible Dependents of Retirees.

**B. Retirees age 65 and Older** – Retirees age 65 and older at the time of normal retirement, or any time after normal retirement, are not eligible to participate in the City's group medical insurance plans, except in accordance with federal COBRA laws and under the provisions outlined under Section VII of this Administrative Directive.

**C. Dependent Coverage** – Eligible Dependent(s), enrolled on the date of the Retiree's retirement, may continue in the City's group medical, dental and vision insurance plans. Under most circumstances, in order for a Dependent to remain enrolled in a City insurance plan, the Retiree must also remain enrolled. Eligible Dependents have independent enrollment rights only to the extent offered under federal COBRA law or in the situation of the Retiree's attainment of age 65 or the Retiree's death, per item VIII C.8, below. Eligible Dependent(s) not enrolled on the date of the Retiree's retirement may enroll provided proper procedures are followed and required documentation is received by the Benefits Office during an annual open enrollment or within thirty-one (31) days of a qualifying life event (see Appendix A – Coverage Grid). Continuous coverage provisions apply to dental and vision.

1. The City's payment of medical premium subsidy for a Dependent is predicated upon the Retiree remaining enrolled in the medical plan with the Dependent and upon the Retiree being under the age of 65. Once a Retiree's coverage terminates under the medical plan, or once the Retiree is no longer under the age of 65, the City's medical subsidy ceases for the Retiree's Dependent(s). Additionally, for Fire retirees who qualify for dental subsidy under Section VI A, above, once the Retiree's coverage terminates under the dental plan, or once the Retiree is no longer under the age of 65, the City's dental subsidy ceases for the Retiree's Dependent(s).

2. Retirees pay 100% of the applicable premium (no City subsidy) for continuation of Dependents under the City of Tucson dental and vision plans, except as outlined in Section VI A of this Administrative Directive.



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3. Dependent(s) become ineligible for the City's group medical plan when the dependent:
  - a. no longer meets the City's dependent criteria;
  - b. qualifies for Medicare (due to age or disability); or
  - c. joins another group health plan.
4. Dependent(s) become ineligible for the City's group dental and vision plans when the dependent no longer meets the City's dependent criteria.
5. Retirees must follow Benefits Office procedures for disenrolling dependents within thirty-one (31) days of the date the dependent becomes ineligible.
6. Dependent(s) no longer eligible for City group coverage may be eligible for COBRA benefits to the extent allowable under federal law.
7. Eligible Dependents of under-age 65 Retirees whose coverage has terminated may re-enroll provided proper procedures are followed and required documentation is received in the Benefits Office during annual open enrollment or within thirty-one (31) days of a qualifying life event. Continuous coverage provisions apply for dental and vision.
8. A Dependent covered under the City's group insurance plan(s) at the time the Retiree attains age 65 or at the time of the death of a Retiree may continue coverage by paying 100% of the premium (no City subsidy) for as long as the Dependent remains eligible. In order to remain enrolled in dental and/or vision, the Retiree must also be enrolled in the dental/vision plan, except in the event of the Retiree's death. If the Dependent's coverage under any available option terminates for any reason, the Dependent may not re-enroll at a later date.
  - a. Coverage for a surviving dependent spouse terminates upon remarriage. The surviving dependent spouse must notify the Benefits Office within thirty-one (31) days of marriage. If the surviving spouse's new marriage later ends, the surviving spouse may **not** rejoin the City's insurance plans.
  - b. Medical coverage for a non-Medicare eligible Dependent of an age 65+ Retiree terminates when the Dependent no longer meets the City's dependent criteria, qualifies for Medicare (due to age or disability), enrolls in another non-City group medical plan, or ceases to be covered under the City's group medical plan. The Dependent must notify the Benefits Office within thirty-one (31) days of these situations. Once disenrolled, the Dependent may not re-enroll at a later date.



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### Appendices

Appendix A – Coverage Grid


### References

[City of Tucson Employee & Retiree Insurance Handbook](#)  
A.R.S. §§38-817 and 38-857

### Review Responsibility and Frequency

The Human Resources Director will review this directive as needed.

### Authorized

  
\_\_\_\_\_  
City Manager

  
\_\_\_\_\_  
Date

MEDICAL	Retiree is under age 65 and doesn't qualify for Medicare	Retiree is under age 65 and qualifies for Medicare (disability)	Retiree is 65 or older and qualifies for Medicare	Retiree is 65 or older and doesn't qualify for Medicare	Retiree passes away
Retiree	Allowed on City of Tucson sponsored group medical plan.	Allowed on City of Tucson sponsored group medical plan.	Coverage under the City of Tucson sponsored medical plan ends the first day of the month during which Retiree turns 65. If Retiree's birthday falls on the first day of any given month, medical plan ends the first day of the month PRIOR to the month during which Retiree turns 65.	Retiree may remain on City of Tucson sponsored group medical plan until death by paying 100% of the premium (no City subsidy). Alternative option is available for certain PSPRS retirees - see Section VII for criteria and details.	Coverage ends on date of death.
Spouse is not Medicare eligible (due to age or disability)	Spouse may be on City of Tucson sponsored group medical plan only if retiree is on same plan.	Spouse may be on City of Tucson sponsored group medical plan only if retiree is on same plan.	Spouse may remain on City of Tucson sponsored group medical plan provided proper procedures are followed and the Benefits Office receives required documentation by prescribed deadlines. Contact Benefits Office for details. If spouse leaves City medical coverage for any reason, spouse may not return to medical plan at a later date. Retiree pays 100% of the premium (no City subsidy).	Spouse may be on City of Tucson sponsored group medical plan only if retiree is on same plan. Retiree pays 100% of premium (no City subsidy).	Spouse (widow) may continue coverage alone by paying 100% of premium (no City subsidy). However, coverage ends if spouse re-marries, qualifies for Medicare, joins another group medical plan or drops City of Tucson sponsored medical plan. Spouse must notify the Benefits Office within 31 days of marriage, Medicare qualification or joining of another group medical plan. If spouse later divorces, spouse may NOT return to City plan. Spouse who does not maintain continuous coverage may not later join City of Tucson sponsored plan.
Spouse is Medicare eligible (due to age or disability)	Spouse may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.	Spouse may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.	Spouse may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.	Spouse may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.	Spouse (widow) may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.
Child meets dependent criteria	Child may be on City of Tucson sponsored group medical plan only if retiree is on same plan.	Child may be on City of Tucson sponsored group medical plan only if retiree is on same plan.	Child may remain on City of Tucson sponsored group medical plan provided proper procedures are followed and the Benefits Office receives required documentation by prescribed deadlines. Contact Benefits Office for details. If child leaves City medical coverage for any reason, child may not return to medical plan at a later date. Retiree pays 100% of the premium (no City subsidy).	Child may be on City of Tucson sponsored group medical plan only if retiree is on same plan. Retiree pays 100% of premium (no City subsidy).	Child may continue coverage alone by paying 100% of premium (no City subsidy) until child no longer meets dependent criteria or joins another group medical plan. Child must notify the Benefits Office within 31 days of date he/she no longer qualifies. Once child leaves City coverage for any reason, child may not return to plan at a later date.
Child doesn't meet dependent criteria	Child may not remain on City of Tucson sponsored group medical plan.	Child may not remain on City of Tucson sponsored group medical plan.	Child may not remain on City of Tucson sponsored group medical plan.	Child may not remain on City of Tucson sponsored group medical plan.	Child may not remain on City of Tucson sponsored group medical plan.
Child is Medicare eligible (due to age or disability)	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.